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## INFORMATION\_REPORT

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COUNTRY Italy

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SUBJECT Illegal Arms Transactions

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SUPPLEMENT TO REPORT NO.



- 11. On 12 February 1949 the Rome Questura, on orders of the Ministry of the Interior, authorized the Ferro Metalli e Macchine firm, with offices at 10 Via Casilina Vecchia, Rome, to transport from the firm's offices to the port of Naples eight allegedly disassembled inefficient pieces of artillery of 75/34 mm of French manufacture destined for export to Afghanistan. On 14 February 1949 the Questura was informed by a confidential source that the artillery in question was not inefficient, but in perfect condition, well oiled and crated and lacking only breech locks. Following this report the license was withdrawn, the material sequestered and the case turned over to the Ministry of the Interior for final disposition.
- 2. The above firm is headed by a retired General Donato Pafundi, residing at 1 Via Donizetti, Rome, and its members include General Soldarelli, also retired, and other high ranking officers.
- 3. The Ministry of Defense is allegedly indignant over this state of affairs because of the fear that the United Stated will point out that Italy has asked for arms, while at the same time she experts arms abroad. Furthermore the directing circles of the Ministry for this kind of material are reported to be greatly agitated, fearing that the sequester will provoke a revision of all the regulations in this connection.
- 4. The export of arms under the above circumstances has the following consequences:
  - The Ministry of Defense is deprived of material often useful to the Italian Army;
  - b. The Ministry of the Interior was deceived because it conceded a license to transport the arms on the basis of conditions which were not respected; and
  - c. The Ministry of Foreign Commerce received only a small part of the value of the transaction. In the case in question, the contract is for \$3000, i.e. \$400 per gun, declared unserviceable. However, the guns were entirely serviceable and, therefore, their sale value is actually more than ten times this figure and accrees to the arms

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service: solution and, therefore, their sale value is actually more than ten times this figure and accrues to the arms vandor, not the Italian Government.

It is to be noted that these arms only appear to be exported to afghanistan, while in reality they are destined for Egypt. Previously, the bulk of Italian arms exports went to Israel. Buring the recent months, however, the chief destination has been Egypt.